FAIRPHONE

Environmental policy

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April 2022

Next review
December 2023

Introduction

Fairphone produces consumer electronics with the goal of uncovering industry-wide challenges and making social and environmental improvements throughout the consumer electronics value chain. We are a social enterprise which challenges and motivates the industry to act more responsibly. For more information on Fairphone's mission and impact please refer to our Impact Report.

From an environmental perspective, Fairphone identifies many opportunities to improve the environmental performance of the smartphone industry as a whole, thereby addressing issues such as greenhouse gasses, water, local pollution, materials, chemicals and (electronic) waste.

Company information:
Fairphone is a scaling company and classified as a small and medium-sized enterprise (SME) according to European law and serves the European market. Fairphone's offices are situated in Amsterdam, the Netherlands while our supply chain is mostly situated in Asia. Since we work with partners to develop and produce our products, we do not own production facilities.

Purpose of the policy

Fairphone was founded to create awareness on the negative effects of the consumer electronics industry on people and planet and to provide scalable solutions. We are pioneering more sustainable ways to make consumer electronics and are building a market for ethical electronics. This policy lays out our values and commitment regarding lowering the environmental burden caused as well as identifying opportunities for change by Fairphone, Fairphone products and the consumer electronics industry as a whole.

Scope of the policy

Fairphone divides its ambitions and commitment on decreasing its environmental impact in three areas according to our level of influence in each:

- **Fairphone's office facilities - CONTROL (section B)**

  Fairphone's is an office-based company and our office is a rented space. Therefore we are not in control of the physical structure and energy supply of our office, however, all internal office matters are within our realm of control.

- **Fairphone products - LIMITED CONTROL (section C)**

  Fairphone is partly in control of securing the conditions for a low environmental impact of our products (i.e. software support, repairability etc.) while being dependent on our suppliers and partners which we work with. However, we are not in control if these conditions are fully taken advantage of, for example if the user actually repairs or updates their product.

- **Production/suppliers of Fairphone products - ENGAGEMENT (section D)**

  Fairphone does not own production facilities and has limited commercial leverage against its suppliers due to our production volumes. We encourage suppliers to adopt leading sustainability practices, and based on needs assessment may support and incentivize them to improve their environmental performance via assessments, capacity building and co-investments. We communicate our commitments and expectations to our suppliers and other stakeholders in our 'Ways of Working Together', Fairphone's version of a Code of Conduct. The 'Supply Chain engagement Report' and 'Fair Sourcing Policy' provide an overview of Fairphone's supply chain and our due diligence approach.

An overview of the different environmental topics which Fairphone focuses on in each area of influence can be found in the following table.

A) Applicable to all areas of influence: - Legal compliance - Environmental advocacy			
Environmental topic	**B) Office facilities** *(control)*	**C) Product** *(limited control)*	**D) Production/suppliers** *(Engagement)*
1) Energy consumption and greenhouse gas emissions	Energy consumption Scope 2 greenhouse gas emissions	Energy consumption Scope 3 greenhouse gas emissions/ emission avoidance	Energy consumption Scope 3 greenhouse gas emissions/emission reduction
2) Water	Water consumption Waste water	N/A	Water consumption Waste water
3) Local pollution	N/A	N/A	Pollution at production site
4) Materials, chemicals and waste	Office supply (paper, pens, food, furniture)	Materials/resources Hazardous substances	Materials Production

	Cleaning products Office waste	in products Electronic waste (see 7))	chemicals/hazardous substances Production waste
5) Environmental impacts from use of products	N/A	Usage of products	N/A
6) Environmental impacts from product end-of-life	N/A	Take-back, reuse and recycling	N/A
7) Customer health and safety	N/A	Health and safety of product user	N/A

Policy measures

A) Applicable to all areas of influence:

Legal compliance

We ensure to comply with all applicable environmental legislation and require the partners we work with to act in accordance with all laws which are applicable to them. For our products we ensure to comply with and if possible to exceed all relevant European Union and UK environmental, health and safety legislation:

- WEEE Directive (2012/19/EU): The Directive aims to reduce the impact of electronic waste and optimize its disposal, collection, reuse, recycling and recovery with strict environmental and health standards. Fairphone has registered with the respective authorities and enrolled in take-back schemes. The respective UK legislation as a result of Brexit is the Waste Electrical and Electronic Equipment Regulations 2013.

Fairphone manages the requirements of the following laws according to our Standard Operating Procedure “SOP on Collection and Management of Information on Hazardous Substances”:

- REACH (EC No 1907/2006) and its amendments: The Regulation on the registration, evaluation, authorization and restriction on the use of chemicals. The respective UK legislation as a result of Brexit is the REACH etc. (Amendment etc.) (EU Exit) Regulations 2020.

- RoHS Directive (2011/65/EU) and its amendments and the respective UK legislation, the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2012.
- Regulation (EU) No 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (POPs Regulation).
- EU Packaging Directive 94/62/EC: The directive ensures that packaging and packaging waste are of a uniform, environmentally friendly and health-friendly nature.
- EU Directive on batteries and accumulators, waste batteries and accumulators (2006/66/EC) and its amendments: The Directive prohibits the use of hazardous substances such as mercury and cadmium in batteries. It also lays down rules for collection and recycling of batteries. The respective UK legislation as a result of Brexit is the Batteries and Accumulators (Placing on the Market) Regulations 2008.

All environmental legislation which is or will become applicable to one of our products is respected also if not specifically mentioned here.

Environmental advocacy

We raise awareness on the severe environmental issues related to the life-cycle of consumer electronics and point out the most immediate and impactful opportunities to tackle them. System change requires all stakeholders to take their responsibility and play their part.

We aim to develop products which are more environmentally friendly than the products available on the market and improve them step by step to further decrease their impact. We base our way forward on insights gained through conducting sound research by our team members or trusted third parties to determine the environmental impact and hotspots throughout the life-cycle of our products.

We believe in radical transparency and great communication between stakeholders as a means to create trust and systems, which are resilient and sustainable in time. Therefore we share the outcomes of our studies and publish reports as a reference for the industry, policy makers and consumers.

We strive for the creation of joint scalable solutions between organizations and individuals that are concerned and active in environment protection. As a social enterprise we bring our stakeholders (business partners, public society or policy makers) to the same table to discuss the best way forward.

We aim to influence and support campaigns for better environmental legislation since legislation can create a level playing field on a system level. Where legislation falls short Fairphone aims to be an example that can help policy makers in their way forward.

We promote sustainable consumption of already existing as well as new consumer electronics and the creation of products that last. Therefore we advocate for making them repairable and enabling them and their materials to circulate in our economic system. Furthermore, we are piloting as-a-service business models to prolong the lifetime of our products and to stay in control of the resources at the product's end of life. To find out what makes the Fairphone as-a-service model sustainable, please refer to this explanation document.

Commitment to create more environmentally friendly products and business models should be anchored in strong governance, for example through company KPIs relating to environmental impacts. Our respective KPIs can be found in section 'Policy objectives'. We strive for the independent verification of our efforts by conducting a 3rd party audit on our impact report in which we report on our progress towards our KPI targets. Additionally, we let independently verify the effectiveness of our work through acquiring certifications and participating in sustainability ratings with environmental criteria.

B) Office facilities - control

Our values do not stop at our product, they are also taken to heart for how we operate our office in Amsterdam.

Environmental topic	**Fairphone's commitment** Responsibility: People Team
1) Energy consumption and greenhouse gas emissions	*Energy consumption* - We monitor the electricity and gas usage in our office facilities - We prompt our employees to use energy economically throughout the office (detailed in our Office Principles). For example, we encourage our employees to reduce energy usage by offering an instant hot water tap in our Kitchen. *Scope 2 greenhouse gas emissions* - To decrease the greenhouse gas emissions of our operations, we strive to only use renewable energy in our office facilities. Our electricity is partly supplied with solar panels on our roof, partly with Dutch wind energy

2) Water	*Water consumption* - We monitor the water usage in our office facilities - We facilitate our employees to reduce water consumption by using water-saving features, such as automatic faucets and dual-flushes in our office - We prompt our employees to use water economically (detailed in our Office Principles) *Waste water* - Our waste water (kitchen, bathrooms) is processed by the Dutch public water treatment services which follows strict quality requirements
4) Materials, chemicals and waste	*Office supply (paper, pens, food, furniture)* - All our office supplies are purchased following our policy of prioritising local and/or recycled products (e.g. pens, paper) and our office equipment has the highest label on energy and water saving technology - All food supplies are bought following our policy of prioritising organic products and reduced plastic packaging. Our 'Responsible Sourcing Principles: Office Facilities' detail the supplier selection process and criteria. - Before electronic products are replaced, our IT Team checks if they can be refurbished - All meeting rooms and workspaces are equipped with refurbished furniture *Cleaning products* - We are committed to use environmentally friendly and biodegradable cleaning and maintenance substances and to follow procedures to control any hazard and protect the health of our employees (detailed in our Office Principles). *Office waste* - We encourage our employees to separate all waste in recyclable streams, using our collection system - We instruct our employees to dispose of (potentially) hazardous products such as batteries, light bulbs and electrical equipment in a designated recycling box for this type of waste. . - We ask our employees to prevent and reduce food waste (for details see our Office Principles)

C) Product - limited control

The largest environmental impact throughout the lifecycle of most consumer electronics products (e.g. smartphones, wireless earbuds) is caused during their production phase. This accounts for various impact categories such as global

warming, ecotoxicity and resource depletion. To decrease the environmental impact of consumer electronics immediately and notably, the only real solution is producing less products, thus prolonging the lifespan of existing and future products. For this reason, Fairphone focussed especially on creating the best conditions for a long lifespan of its products, whether in the hands of only one or several users. However, at the end it is the user who decides if these conditions are fully taken advantage of and the product's environmental impact is as low as we strive for.

Environmental topic	**Fairphone's commitment** Responsibility: Impact Innovation Team, Product Team and every other team at Fairphone
1) Energy consumption and greenhouse gas emissions	*Energy consumption* - We integrate features in our electronic products which help the user to save energy, thereby also reducing Scope 3 greenhouse gas emissions *Scope 3 greenhouse gas emissions/emission avoidance (see also 5 - environmental impacts from product use)* - We conduct Life Cycle Assessments (LCA) on our products to determine their impact on global warming and inform our decisions on how to improve their life-cycle emissions - We publish our LCAs including assumptions to allow for comparisons - We focus on impact on the systemic greenhouse gas emissions of the smartphone industry through our products. Thus, avoiding greenhouse gas emissions by designing for, encouraging and supporting longer product use - We measure our performance of avoiding greenhouse gas emissions through longevity via a company KPI and conduct a 3rd party audit on the annual result

4) Materials, chemicals and waste	*Materials/resources:*
	- We investigate issues related to the extraction and production of the materials used in consumer electronics to focus on improvements where our industry can have the largest impact. For more information see our Fair Material Sourcing Roadmap.
	- We request full material declarations from our suppliers for transparency on our products and as the starting point to act
	- We strive to accelerate the transition to a fair circular economy.
	  - We promote the fact that in the industry mining plays an inevitable role in this transition and we work towards better practices for both, people and planet
	  - We create demand and encourage supply of (preferably post-consumer) recycled materials by integrating them in our products

	- We allow other players to integrate recycled materials we have developed in their products - We encourage efficient (re)use of the finite resources which are already in our economic system (see also 7)) - We save resources by encouraging and supporting longer product use and engaging the user across the whole lifecycle of the product *Hazardous substances in products* - For our approach on hazardous substances in our production/towards our suppliers see in the product please refer to section D) Production/suppliers 4) Materials, chemicals and waste - We make design decisions that avoid the use of hazardous substances when possible in our products. We adhere to our Standard Operating Procedure, which is aligned with the European Law on restricted substances to ensure (potentially) hazardous materials are managed correctly when present in our products - We are tracking selected hazardous substances in our products and investigate hazardous substances beyond legal compliance with RoHS based on contractual compliance declarations as well as full material declarations of our suppliers - We maintain a restricted substances list. The latest version is published on our Resources and Policies webpage. All articles (i.e. materials, components, subassemblies, products) delivered to Fairphone must be free of or below a certain threshold of these substances - We identify materials in our Fair Material Sourcing Roadmap which we aim to phase out from our products *Electronic waste (see 7))*
5) Environmental impacts from use of products	*Usage of products (see also A - Environmental advocacy)* - We aim to design products to last and to be repairable to stretch their lifetime far beyond the average on the market. We learn continuously about our products and improve step by step to decrease the environmental impact on a life-cycle basis. - We motivate and incentivize more environmentally friendly electronics usage by providing (software) support and spare parts for a longer period than usual on the market. - We raise awareness on issues related to the usage of electronic products to consumers, competitors and legislators through our products, media, participation in events, taking a stance on relevant policies and supporting campaigns in line with our core values - For energy consumption see 2)

6) Environmental impacts from product end-of -life	*Take-back reuse and recycling* - We advocate efficient use of our finite resources and material recovery of the materials which are already part of our economic system to reduce the need for primary raw material extraction and processing - Fairphone takes action on preventing the severe direct and indirect effects on the environment caused by unused electronics and electronic waste. Our efforts beyond compliance with the WEEE Directive (2012/19/EU) are twofold: reuse and recycling from the European markets we sell to and recycling e-waste collected in countries with insufficient recycling infrastructure in Europe. - We operate our own take-back systems for smartphones and Fairphone modules and encourage and incentivise consumers to hand in their phones, both financially as well as non-financially. - Whenever possible we reuse electronic products or components to use the embodied resources as efficiently as possible and only recycle if reuse is not viable. - We collect and recycle e-waste from countries with insufficient recycling infrastructure (e.g. Ghana) to prevent informal recycling which is directly linked to severe pollution as well as environmental and health hazards (i.e. local pollution, emission to soil, water and air). In the mid-term we strive to enable and support responsible recycling and local value creation. - We ensure that the party treating electronic waste in our name has an environmental management system in place.
7) Customer health and safety	*Health and safety of product user* - We develop products to be safe for the customer and want them to be used in a healthy manner. Therefore we provide clear health and safety information along with every product and on our homepage (e.g. on compatible accessories, exposure to heat, DIY repairs, choking hazards, and if applicable high volume levels or precaution when charging the device) - Please see 4) Materials, chemicals and waste for more information on hazardous materials in the product

D) Production/suppliers of Fairphone products - engagement

Fairphone works with suppliers to achieve a safe and healthy work space, protect the environment and save resources. We practice "Fair Sourcing", which means tackling issues in the supply chain and driving opportunities for impact, rather than avoiding risks. Fairphone aims to achieve greater transparency and environmental performance in the value chain; and create long-lasting partnerships, based on trust, continuous learning and support of our stakeholders' objectives. We engage with

industry partners and use market demand as a catalyst for positive change, together creating continuous improvement trajectories that make a positive impact for people and planet. We aim to give workers and factory management ownership to define priorities for improvement - regarding social and environmental topics - via worker driven assessments (worker survey and group discussions) and jointly draft and co-invest in an improvement plan with the factory management. This may help strengthen the environmental performance of the supplier.

We communicate our commitments and expectations to our suppliers and other stakeholders in our 'Ways of Working Together', Fairphone's version of a Code of Conduct. It summarizes our expectations regarding the policies and operational practices of our various partners (i.e. tracking, measurement and minimization of environmental impact) and is used as a framework to assess and increase responsible business practices. It includes baseline standards and procedures that serve as minimum requirements; however, it does not preclude alternatives that exceed these minimums. This set of principles are applicable to the whole supply chain, including sub-suppliers and sub-contractors, our vendors, service providers and other relevant third parties. Our contractual agreements with direct suppliers require the suppliers to observe our Ways of Working Together and further outline obligations related to social and environmental assessments, impact purpose on environmental impacts and joint improvement programs.

Supplier due diligence

Fairphone deploys a supplier survey (Request for Information) during supplier selection and supplier due diligence, which includes questions on environmental management including certificates and licenses, reduction targets and processing chemicals used.

The final assembly of the smartphones (and star products) needs to have ISO14001 which certifies mature environmental management systems are in place. Final assembly factories of our smartphones further are required to have a high standard of Environment, Health and Safety compliance auditing in place, e.g. SA8000 or RBA VAP Silver recognition, which in many cases also validates the implementation of environmental management systems.

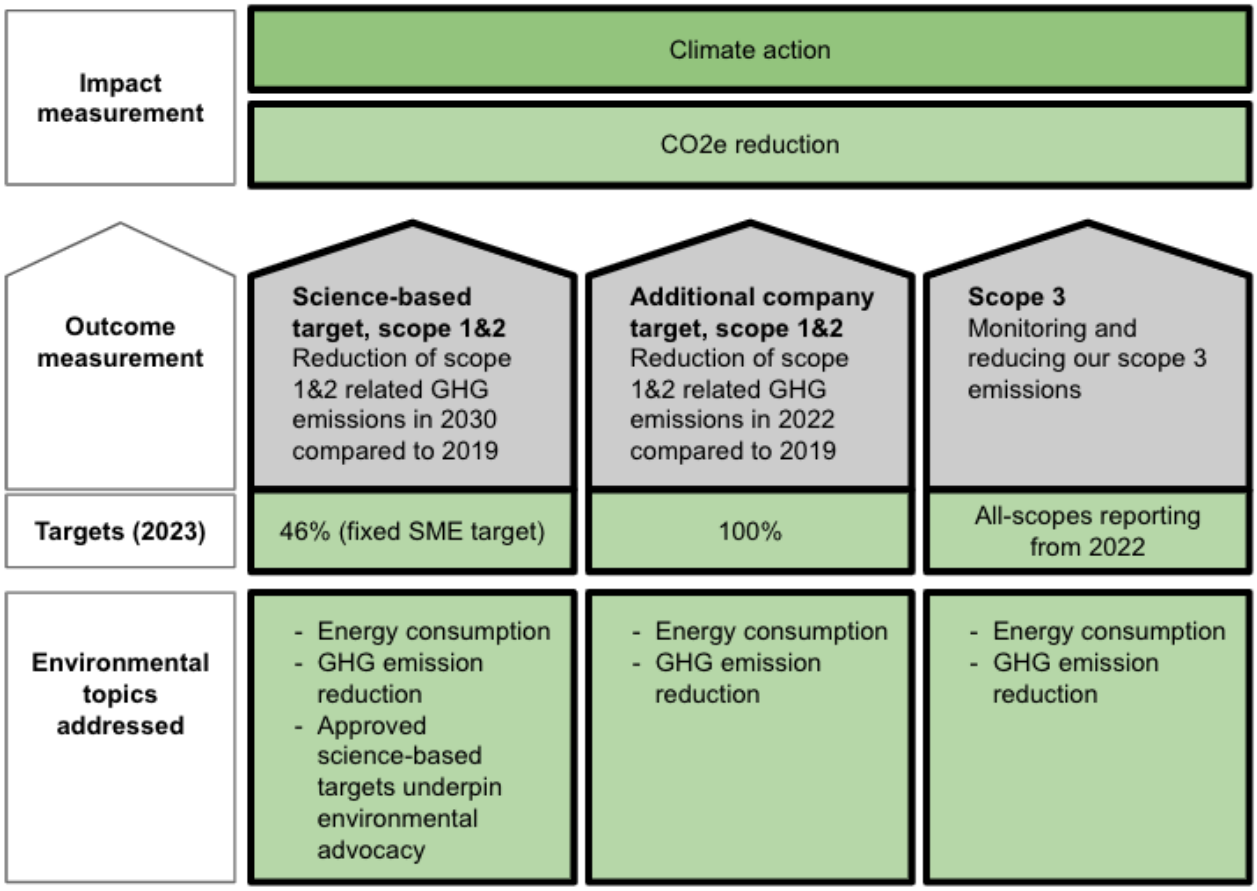
Environmental topic	**Fairphone's commitment** Responsibility: Product Team, Impact Innovation Team
1) Energy consumption and greenhouse gas emissions	*Energy consumption* - We expect our partner to track, document and optimize its energy consumption to ensure energy efficiency (see also Ways of Working Together).

	- Energy consumption and reduction is included in the scope of ISO14001 and in some compliance audits such as RBA VAP. *Scope 3 greenhouse gas emissions/ emission reduction* - Fairphone is committed to track our scope 3 emissions from 2022 and aim to work with our suppliers to decrease our supply chain's impact on global warming - We prompt our direct suppliers (final assembly of smartphones) and relevant indirect suppliers to establish a corporate-wide greenhouse gas reduction target, if not already established.
2) Water	*Water consumption* - Water consumption is included in the scope of ISO14001 and in some compliance audits such as RBA VAP. *Waste water* - We expect our direct suppliers (final assembly of smartphones) and relevant indirect suppliers to characterize, monitor, control, reduce and treat wastewater generated from operations, industrial processes and sanitation facilities as required prior to discharge or disposal (see also Ways of Working Together). - Wastewater management is included in the scope of ISO14001 and in some compliance audits such as RBA VAP.
3) Local pollution	*Pollution at production site* - We expect our direct suppliers (final assembly of smartphones) and relevant indirect suppliers to track, measure and minimize the adverse effects on the environment and natural resources as reasonably practicable and in accordance with local industry practices and best available techniques. Regarding emissions to air, water and noise pollution see also our Ways of Working Together. - Pollution prevention is included in the scope of ISO14001 and in some compliance audits such as RBA VAP.
4) Materials, chemicals and waste	*Materials* - Our Fair sourcing policy describes how we look at responsible sourcing, what we believe is 'fair' and how we apply our principles - For our approach on materials in the product please refer to section C) Production/suppliers 4) Materials, chemicals and waste *Production chemicals/hazardous substances* - For our approach on hazardous materials in the product please refer to section C) Product/ Hazardous substances - We prompt our direct suppliers (final assembly of smartphones) and

	relevant indirect suppliers to only use hazardous substances in situations where they cannot be eliminated or replaced by less hazardous or non-hazardous ones. If dealing with such substances cannot be circumvented, we expect the establishment of an adequate hierarchy of measures including identification, handling, monitoring, reduction, replacement or phase out, as well as responsible end-of-life or end-of-use treatment (see also Ways of Working Together). - Fairphone has set restrictions on the use of hazardous chemicals used in processing, such as in solvents or cleaners, in line with industry best practice such as CEPN's priority chemicals. The restrictions include a ban on the use of n-hexane, benzene, toluene, formaldehyde, TCE and more. The full and current list is maintained in Fairphone's Restricted Substances List. This list is communicated to all direct suppliers and published on our Resources and Policies webpage - The Restricted Substances List shall be made publicly available in 2022. - We map the ingredients of the processing chemicals used by the final assembly of our smartphones. To this end, we have used CEPN's PCDC tool since 2019. - We support suppliers with the performance of periodic evaluations at their facilities and operations and finding safer alternatives as well as conducting due diligence assessments of new and existing contractors, suppliers, agents, and service providers to ensure legal compliance. *Production waste* - We expect our direct suppliers (final assembly of smartphones) and relevant indirect suppliers to establish measures for minimizing the generation of hazardous waste at the source, to prevent mixing of hazardous waste with other waste and handling it under conditions that provide adequate protection for the environment, for human health and that allow for traceability from production to final destination (see also Ways of Working Together).

Policy objectives

Addressing environmental topics by setting CO2 reduction targets



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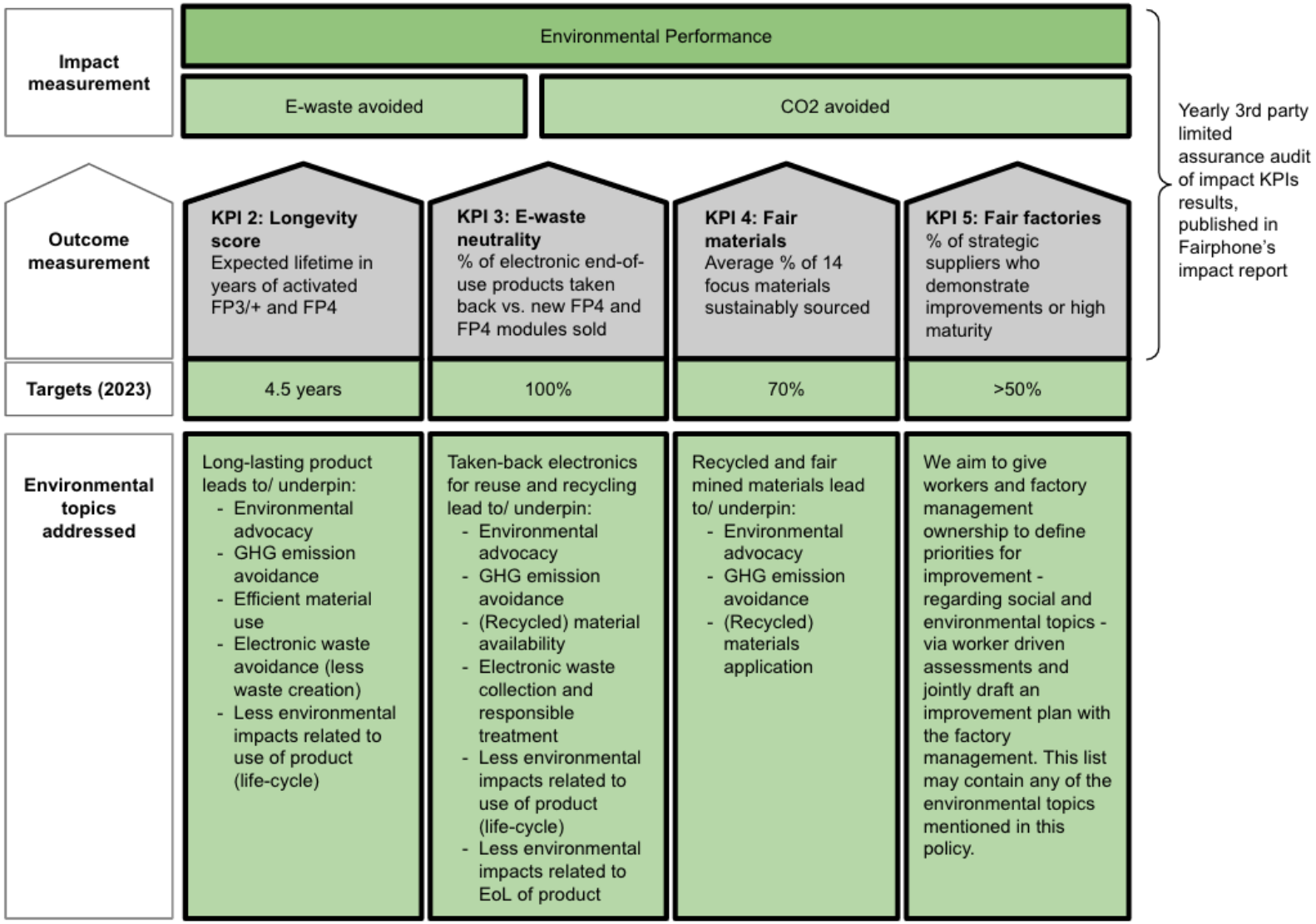
Company KPIs and targets addressing environmental impacts



Review cycle and dissemination

Fairphone's environmental policy is routinely reviewed in parallel with the review of Fairphone's company KPIs or in the event that Fairphone establishes new commitments and/or targets on an environmental topic. The review is initiated by the Impact Innovation Team and involves all relevant internal stakeholders. The policy is signed off by Fairphone's CEO once the review is completed.
The policy is introduced to all new employees during their onboarding at Fairphone. New versions of the policy are explained in a company-wide meeting and made available online to all employees. Furthermore, the policy is made available to the public on Fairphone's homepage.

Approval of policy:

Wednesday 14-07-2022 Eva Gouwens, CEO